



# REPORT Q3/2021

## Industrial property market

# MARKET OVERVIEW Q3/2021

## SUMMARY

9,633,798 SQ M

TOTAL  
STOCK

130,035 SQ M

COMPLETED  
CONSTRUCTION

621,424 SQ M

IN  
CONSTRUCTION

AVERAGE RENTS  
4.30 - 5.50  
EUR/SQ M/MONTH

2.46%  
VACANCY

4.15%  
YIELD

- Stock of "A" class industrial premises for lease reached 9,633,798 sq m and with current project pipeline we expect that 10 mil. mark will be reached next year. 130,035 sq m were delivered to the market. The amount of completed premises so far underperforms in comparison to the last year and probably won't catch up in the last quarter of the year.
- There are currently 621,424 sq m in construction, but if we count projects with ongoing groundworks the number is even higher. Largest project currently in construction is Panattoni park Kojetín for Amazon.
- Vacancy rate dropped for the fifth quarter in a row to 2.46% as there is an extreme demand from tenants. If we do not count shell and core premises vacancy rate reaches only 1.49%!
- Number of companies in logistics, e-commerce and fulfillment sector like Rohlik group, Zásilkovna, Linde Material Handling or Amazon are implementing automation solutions to increase productivity.

*„Nearshoring of supply chains drives demand by tenants and causes steady drop in vacancy rate. Developers responded to this situation with increased construction activity mostly tailored to the client signed before construction begins. Speculative construction does not reach sufficient level to satisfy prime markets. Industrial market as a whole is influenced by lack of employees, shortage of various commodities like AdBlue or building materials, rising prices and more. All these factors foretell bad times for companies without sufficient capital. Automation and other strategies to secure labor productivity will play a central role in the future.”*

MICHAL BÍLÝ  
Research Analyst

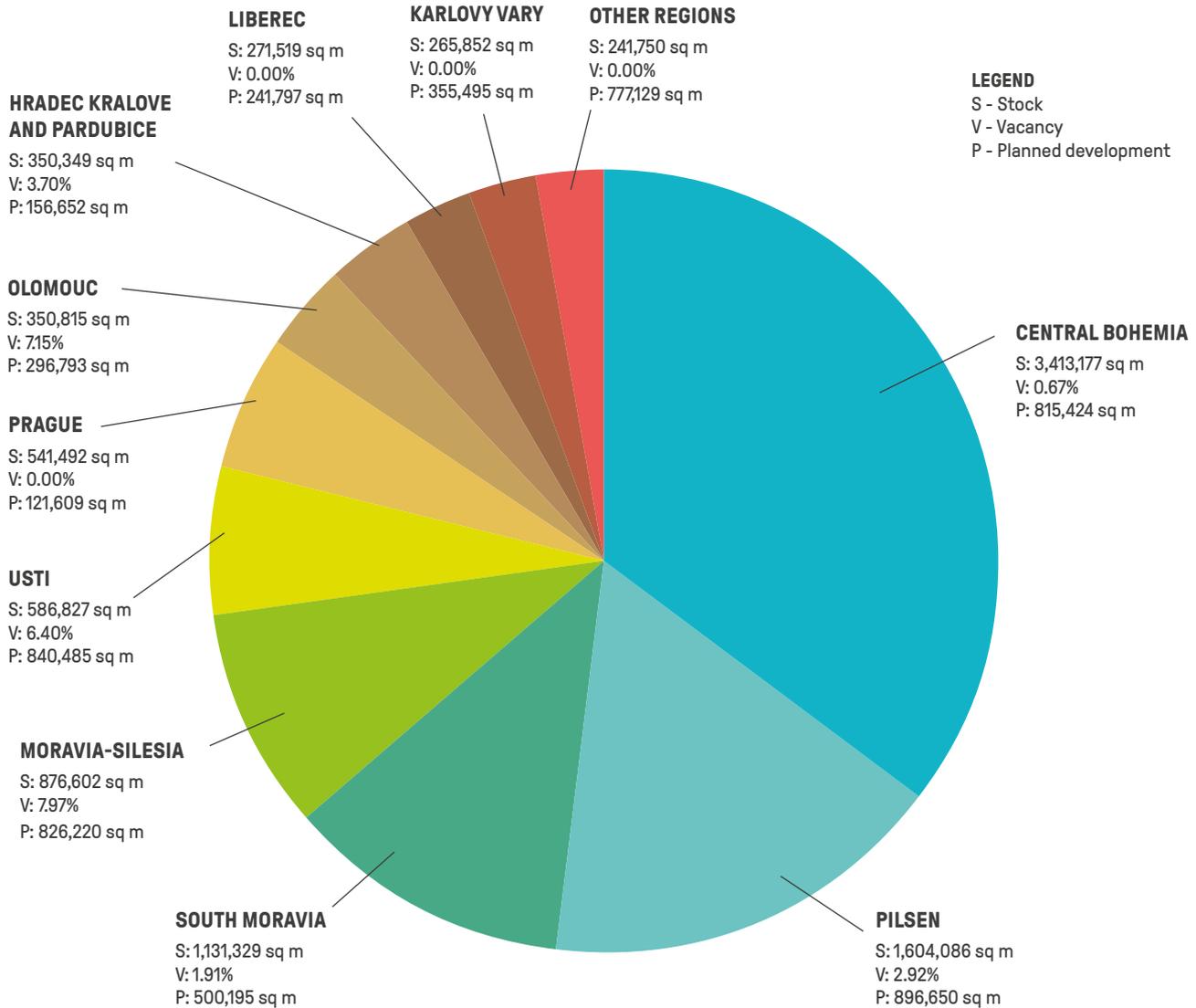


# MARKET OVERVIEW Q3/2021

## REGIONAL OVERVIEW

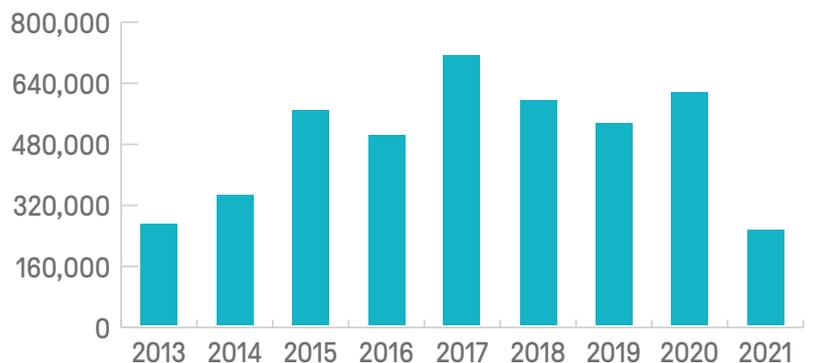
### STOCK OF "A" CLASS PREMISES FOR LEASE IN THE CZECH REPUBLIC BY REGION

Largest stock of industrial premises for lease is in the Central Bohemian region followed by Pilsen region and South Moravian region. TOP developers in terms of portfolio size in sq m are CTP, P3, Prologis and Panattoni. The regions with lowest share on total stock are combined together in Other regions category (South Bohemian region, Zlin region and Vysočina region).



In Q3/2021 construction activity slightly increased with 130,035 sq m delivered to the market. Overall 2021 is underperforming in comparison to the year 2020. Many projects began their construction however so the next year will make up for decrease this year. Prime markets need more speculative projects to meet the demand by tenants. Acquisition of land for further development is also becoming crucial.

### COMPLETED CONSTRUCTION IN SQ M (2013 - 2021)

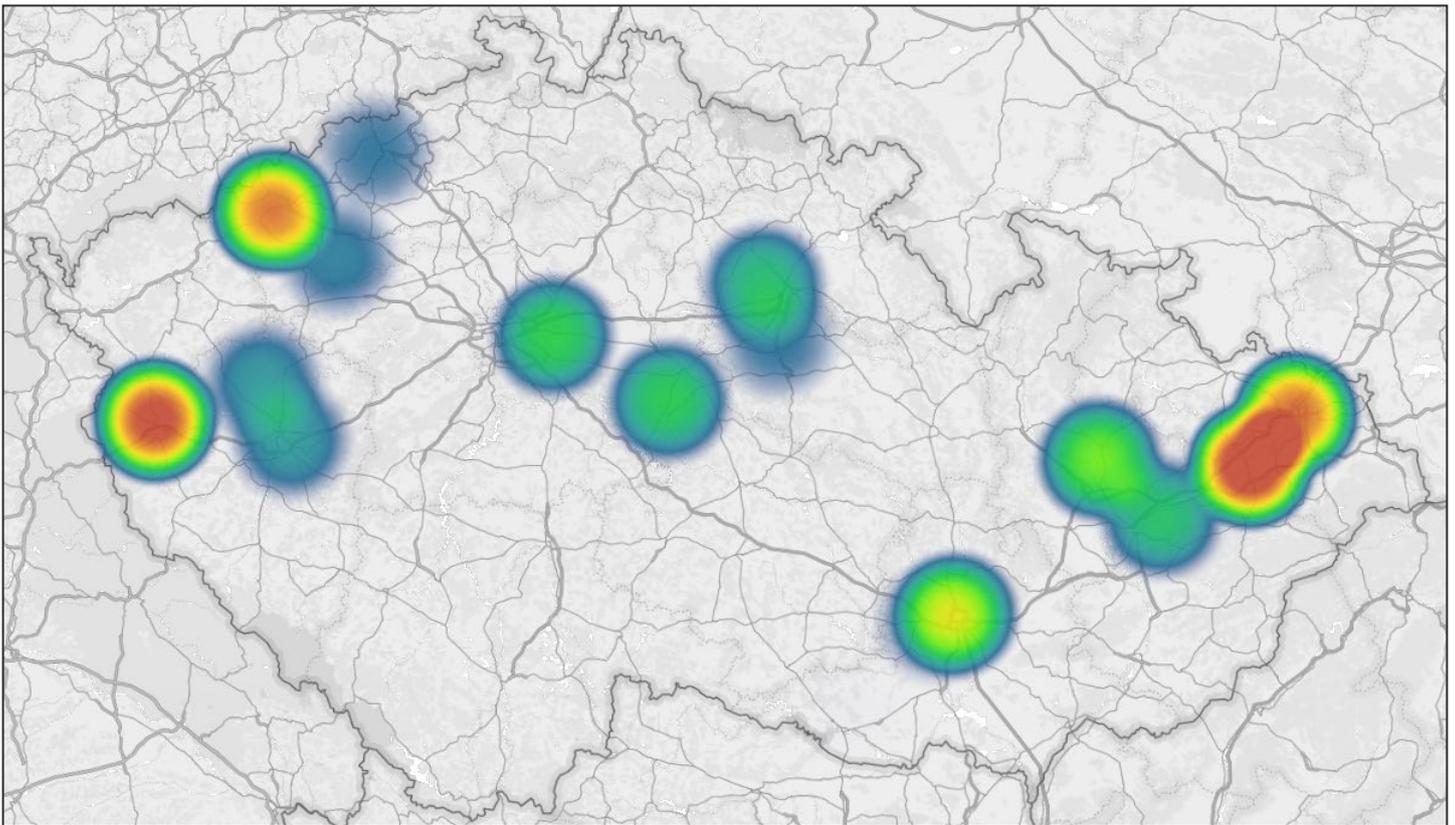


# MARKET OVERVIEW Q3/2021

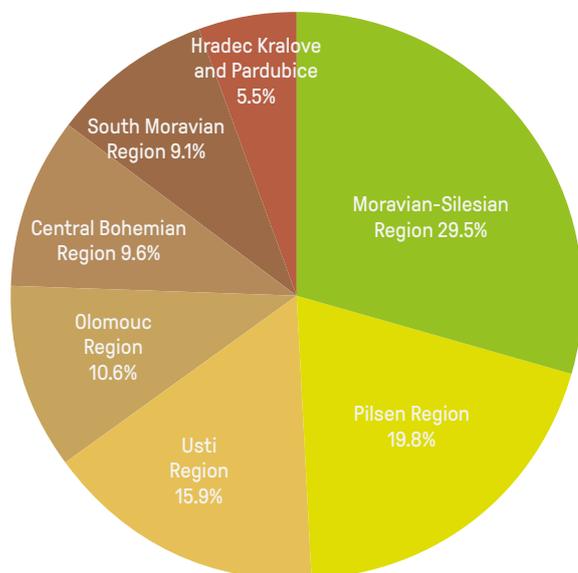
## VACANCY RATE IN THE CZECH REPUBLIC

### VACANCY IN THE CZECH REPUBLIC WITH HEATMAP

In Q3/2021 the differences between regions were highlighted even further with a lot of premises currently unavailable and fully rented. Vacancy in the Czech Republic reached 2.46% (236,683 sq m) with shell and core premises included. Without them the vacancy reached only 1.49% (143,453 sq m) in the entire Czech Republic. Top three regions are Moravian-Silesian region with 69,859 sq m, Pilsen region with 46,802 sq m and Usti region with 37,582 sq m available for lease. In capital of Prague there are no immediately available completed industrial premises for lease.

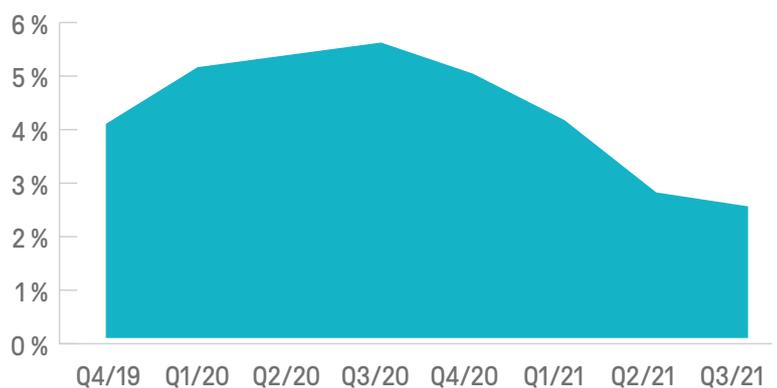


### SHARE ON TOTAL VACANCY BY REGION



### VACANCY RATE DROPPED FOR THE FIFTH TIME IN A ROW!

The vacancy of "A" class premises drops again and in Q3/2021 reached only 2.46% as premises are finding their tenants. Given the current state of the market we expect that situation will not get better any time soon. There is a significant amount of premises currently in construction, but most of those premises are leased before completion.

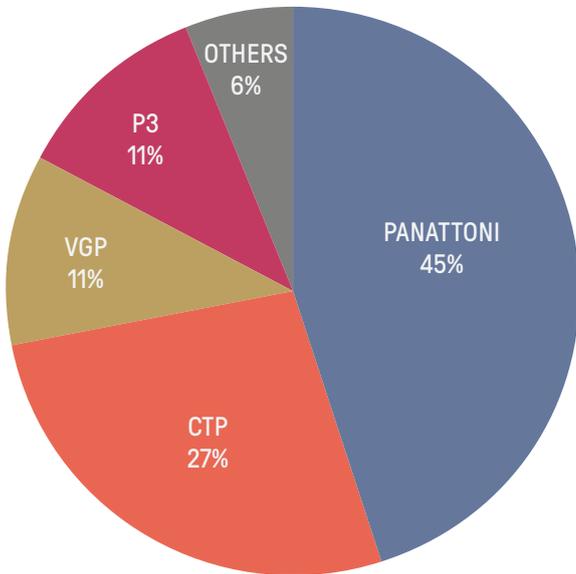


# MARKET OVERVIEW Q3/2021

## TAKE UP, SIGNIFICANT DEALS AND AVERAGE RENTS

### GROSS TAKE UP SHARE BY DEVELOPER

By current owner of the premises, Q1/2021



Panattoni tops the take up pie chart with over 226k sq m worth of transactions. CTP is 2nd with over 135k sq m and 3rd is VGP with over 56k sq m. First three account for 83% of the deals in the Q3/2021. In terms of gross take up the year 2021 is heading for a record.

Gross take up in the Czech Republic in the Q2 reached 505,194 sq m and Net take up (excluding prolongations) 483,051 sq m. Largest transactions took place in Panattoni Park Kojetín where company Amazon leased over 186k sq m of industrial premises. The second largest transaction is new lease of 60k sq m by XPO Logistics in CTPark Bor. Third is new lease of 29k sq m by Drylock Technologies in VGPark Hrádek nad Nisou.

Most transactions were signed in Olomouc region with 197,259 sq m. Second is Pilsen region with 95,812 sq m and third is Central Bohemian region with 58,993 sqm.

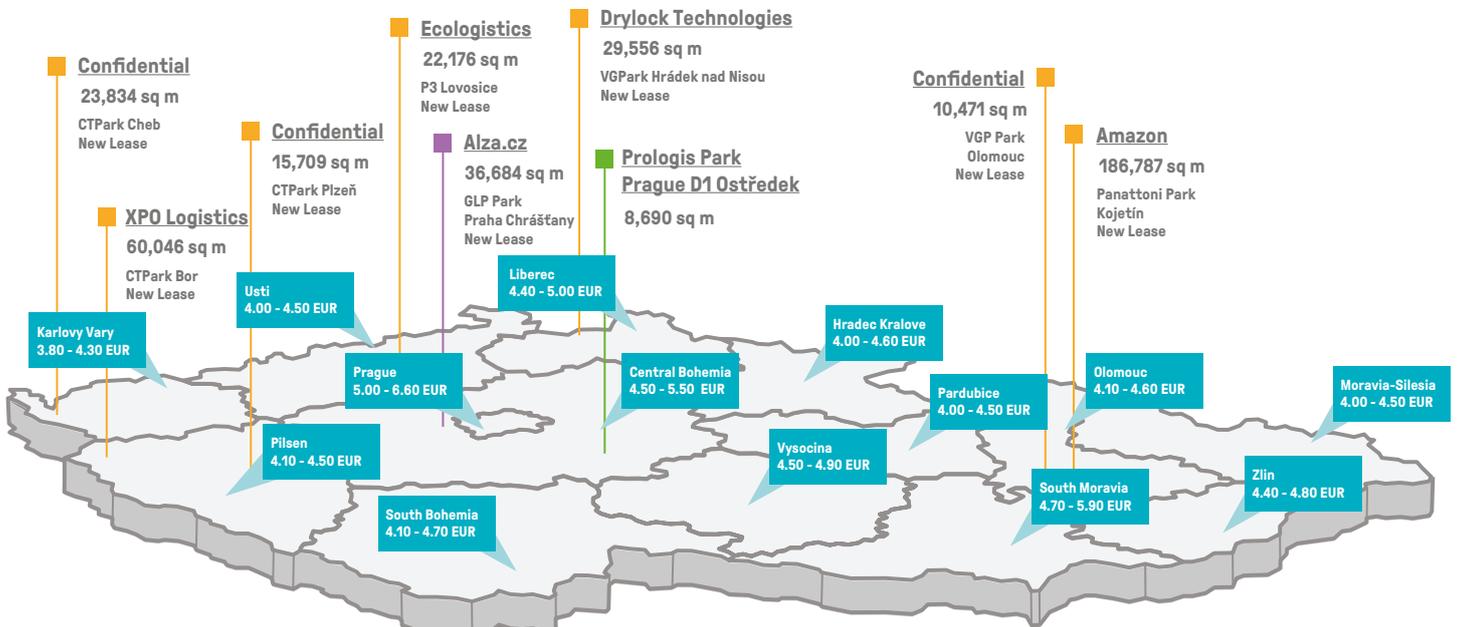
### TAKE UP (2013 - Q3/2021)

(“Total” includes all closed transactions in the “A” class segment)



## SELECTION OF TRANSACTIONS AND RANGE OF RENTS

■ significant transactions ■ under construction ■ completed construction



# MACROECONOMICS Q3/2021

## CURRENT SITUATION AND OUTLOOK

**3.54%**  
UNEMPLOYMENT  
09/2021

**2.8%**  
GDP (YoY)  
Q3/2021

**3.0%**  
INFLATION  
09/2021

### MACROECONOMIC FORECAST OF MINISTRY OF FINANCE AUGUST 2021

Indicator	2017	2018	2019	2020	2021 forecast	2022 forecast
<b>GDP</b> (real growth. in %)	5.2	3.2	3.0	-5.8	3.2	4.2
<b>Average inflation rate</b> (in %)	2.5	2.1	2.8	3.2	3.2	3.5
<b>Unemployment rate</b> (average in %)	2.9	2.2	2.0	2.6	3.0	2.7
<b>Exchange rate CZK/EUR</b>	26.3	25.6	25.7	26.4	25.7	25.3

Source: Ministry of Finance of the Czech republic, 2021

Note: Average exchange rate in June 2021, 1 EUR = 25.454 CZK (Czech National Bank, 2021)

### MACROECONOMY IN Q3/2021

According to a preliminary estimate, the gross domestic product increased in the Q3 2021 by 1.4%, quarter-on-quarter, and by 2.8%, year-on-year. The gross domestic product adjusted for price effects and seasonally adjusted increased in the Q3 2021, according to the preliminary estimate, by 1.4% compared to the Q2 2021 and compared to the Q3 2020 it increased by 2.8%.

A positive contribution to the gross domestic product (GDP) growth came solely from the domestic demand, especially final consumption expenditure of households and gross capital formation. Final consumption expenditure of general government was increasing, too. On the other hand, there was a decrease in exports of goods. An overall decline of external demand thus negatively influenced the GDP growth in a considerable way.

The growth of the gross value added (GVA) was influenced the most by the development in a group of economic activities of trade, transportation, accommodation and food service activities. Also construction and most of economic activities of services were successful. The quarter-on-quarter development of the GVA was negatively influenced by manufacturing.

Employment increased in the Q3 2021, compared to the previous quarter, by 0.2%; when compared to the corresponding quarter of the previous year, it increased by 0.6%.

Source: Czech Statistical Office, 2021

# METHODOLOGY

## DATA COLLECTION AND EVALUATION GUIDELINES

We always try to meet all criteria set by this methodology, but in some ways we are limited by different approaches/ methodologies of developers and other subjects we collect our data from. Please always pay attention to what type of data are you looking at - timing (current state or development over time), criteria (developer/owner) and so on. We always strive towards reports as accurate as they can be. For questions regarding our methodology please use email address [michal.bily@108agency.cz](mailto:michal.bily@108agency.cz).

<b>A+</b>		<ul style="list-style-type: none"> <li>- Clear height 12 m and higher</li> <li>- Must meet BREEAM certification at least „Very Good“</li> <li>- Direct access and hydraulic docks</li> <li>- Heavy load flooring: 5 ton/sq m</li> <li>- Built after year 2010</li> <li>- Must have heating</li> </ul>
<b>AI</b> (A-Logistics)		<ul style="list-style-type: none"> <li>- Clear height 10 m and higher</li> <li>- Heavy load flooring: 5 ton/sq m</li> <li>- Built after year 2000</li> <li>- Must have heating</li> </ul>
<b>Ao</b> (A-Others)		<ul style="list-style-type: none"> <li>- Clear height below 10 m</li> <li>- Built after year 1995</li> <li>- Must have heating</li> </ul>
<b>B</b>		<ul style="list-style-type: none"> <li>- Height does not matter</li> <li>- Built before year 1995</li> <li>- Must have heating</li> </ul>
<b>C</b>		<ul style="list-style-type: none"> <li>- Built before 1995</li> <li>- Does not have heating</li> </ul>

Standardization table on the left sets rules for assigning certain standard to a industrial building in our statistics. The class "A" is further segmentized to better navigate the statistics and pinpoint trends. Although we have this segmentation we only present data for the entire "A" class standard. If you are interested in more detailed data please contact us.

We collect data directly from the developers on a regular basis. We combine hard data with insight and experience of our consultants to reach the optimal balance between plain interpretation of numbers and transferring experience from the field.

### GENERAL GUIDELINES

- New construction is marked by erecting the first pillar at the construction site and ends by obtaining certificate of occupancy.
- Dating of transaction is always based on the quarter in which it was signed not announced to the public (if we are able to specify it). All transactions are included in the following categories: 1. manufacturing, 2. logistics/warehousing, 3. retail/e-commerce and 4. other. In case the transaction is marked by developer as confidential we include it into the category OTHER.
- Vacancy rate is calculated from available spaces in finished and shell and core buildings (vacancy without shell and core buildings is mentioned separately) based on quarterly reports received from the developers. Heatmap on page 4 is derived from district based data.
- All macroeconomic data are taken from the Czech Statistical Office and the Ministry of Finance of the Czech Republic.
- B and C class premises are not currently monitored and they are not included in this report, we are considering adding them in the future.

# CONTACTS

FEEL FREE TO CONTACT US!

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## ABOUT 108 AGENCY

108 AGENCY is a real-estate consulting agency which has been exclusively focused on commercial properties since 2009. Over the years, its over thirty-member team has earned the trust of both domestic and foreign clients.

108 AGENCY is the only commercial real-estate company on the market which is one-hundred-percent Czech owned and run. Thanks to the absence of a multinational headquarters, the agency is able to fully devote itself to fulfilling its distinctive approach to clients, which combines experience and expertise with a fair and personal touch.

Since its founding, it has sold and rented more than 7.8 million square meters, and established a strong position on the Czech, Slovak and Hungarian markets. Clients turn to 108 AGENCY for leasing and sales brokerage, investment and marketing advice, and development product management. Among the clients they most frequently advise are logistical, wholesale, and manufacturing companies, as well as e-commerce firms.

### PROUD MEMBER OF



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